United States Court of Appeals

for the Second Circuit

BRIEF FOR APPELLANT

No. 74-2460

IN THE

United States Court of Appeals

FOR THE SECOND CIRCUIT

APPEAL No. 74-2460

WM. T. BURNETT & COMPANY, INC., *Plaintiff-Appellant,*

v.

TENNECO CHEMICALS, INC. AND TENNECO, INC.,
Defendants-Appellees.

On Appeal from the United States District Court for the Southern District of New York

BRIEF FOR APPELLANT

HARVEY E. BUMGARDNER, JR.
Attorney for Plaintiff-Appellant
1230 Avenue of the Americas
New York, New York 10020
Telephone (212) 489-4541

Of Counsel:

A. W. BREINER
727 - 23rd Street, South
Arlington, Virginia 22202
Telephone (703) 684-6885

PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D.C.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES CITED:

IN THE

United States Court of Appeals

FOR THE SECOND CIRCUIT

APPEAL NO. 74-2460

WM. T. BURNETT & COMPANY, INC., *Plaintiff-Appellant,*

v.

TENNECO CHEMICALS, INC. AND TENNECO, INC.,
Defendants-Appellees.

On Appeal from the United States District Court for the Southern District of New York

---

BRIEF FOR APPELLANT

PRELIMINARY STATEMENT

This appeal is from the portion of the judgment entered below in the United States District Court for the Southern District of New York by the Honorable Charles E. Stewart, United States District Judge, whereby plaintiff-appellant's complaint against Tenneco, Inc., one of two defendants, was dismissed. Judge Stewart's (the "Trial Court's" hereinafter) opinion and order is set forth in the appendix hereof at page 170a.

STATEMENT OF ISSUES PRESENTED FOR REVIEW

I. In dismissing plaintiff-appellant's complaint against Tenneco, Inc., did the Trial Court err in the dismissal because—

(1) it failed to perceive the full scope of plaintiff-appellant's complaint against Tenneco, Inc., and failed to consider and/or give proper weight to plaintiff-appellant's patent misuse and anti-trust allegations;

(2) it was unduly influenced by its determination to transfer this action under 28 U.S.C. § 1404(a), a transfer which was predicated upon dismissal of Tenneco, Inc.; and

(3) it was unduly influenced by the statement of Tenneco's counsel at oral hearing that Tenneco would accept service in Maryland?

II. Even assuming that Tenneco, Inc. is not a necessary party, was the dismissal at this time on motion of the co-defendants under Rule 21 of the Federal Rules of Civil Procedure, prior to discovery or answer by either party, improper or premature?

III. Did the Trial Court in its dismissal of plaintiff-appellant's complaint as to Tenneco, Inc., on motion of co-defendants under Rule 21 of the Federal Rules of Civil Procedure, deprive or jeopardize plaintiff-appellant of its right to due process of law guaranteed by the Fifth Amendment to the Constitution of the United States?

STATEMENT OF THE CASE

Summary of District Court Proceedings

This action is for declaratory judgment of patent invalidity, unenforceability, and non-infringement brought by plaintiff-appellant, Wm. T. Burnett & Company, Inc. (hereinafter "plaintiff"), against, respectively, Tenneco Chemicals, Inc. and Tenneco, Inc., and joins an allegation of

patent misuse and violation of the anti-trust statutes by each of the defendants.

After oral argument, primarily directed to defendants' motion to transfer pursuant to 28 U.S.C. § 1404(a), the Trial Court entered an order dismissing plaintiff's complaint against Tenneco, Inc. and transferring this action from the Southern District of New York to the District Court for the District of Maryland. This appeal from that portion of the order of the Trial Court dismissing the complaint as to Tenneco, Inc. was timely filed.

Statement of Facts Relevant to the Issues Presented for Review

The present action brought by plaintiff, Wm. T. Burnett & Company, Inc., against joint defendants Tenneco Chemicals, Inc. and Tenneco, Inc. is one of two declaratory judgment actions filed on the same day by plaintiff with respect to its right to practice, free of interference, a process independently developed by plaintiff to produce round blocks of polyurethane foam. This, the first action, involves U. S. Patent Nos. 3,281,894; 3,296,658, and 3,476,845, and the complaint requests that each of said patents be held invalid, void, and/or unenforceable against plaintiff and not infringed by plaintiff. The complaint joins an allegation (paragraph 11) that each of the aforesaid patents is unenforceable in the hands of defendants, *inter alia,* for misuse by defendants and for violation of the anti-trust statutes.

The second declaratory judgment action, civil action No. 73 Civ. 1215 (S.D. N.Y.), is against Reeves Brothers, Inc. and, as the complaint is amended, involves one patent, U. S. Patent No. 3,325,573 (—573). In its complaint, plaintiff requests that the —573 patent be held invalid, void, or unenforceable against plaintiff and not infringed by plaintiff.

Prior to this declaratory judgment action, Tenneco Chemicals, Inc., and/or Tenneco, Inc., and/or its predeces-

sor, General Foam Corporation, periodically and continuously from about 1967 up to the time of filing of the complaint harrassed plaintiff with allegations of infringement of patents as a result of plaintiff's manufacturing round blocks of polyurethane foam (Wight Affidavit, App. 75a). In 1972, Reeves Brothers, Inc. advised plaintiff of its —573 patent also referring to plaintiff's single process for producing round block foam.

Subsequent to the filing of the above declaratory judgment actions, Tenneco Chemicals, Inc. and Reeves Brothers, Inc. brought separate infringement actions against plaintiff in the United States District Court for the District of Maryland; the Tenneco Chemicals, Inc. action (civil action No. 73-266-HM) involving U. S. Patent No. 3,476,845, one of the three patents in the present action; and the Reeves Brothers, Inc. action (civil action No. 73-279-HM) involving U. S. Patent No. 3,325,573, the same patent as in civil action No. 73 Civ. 1215 (S.D. N.Y.).

Thereafter, Reeves Brothers, Inc. brought a separate action (civil action No. 73-708-HM (D. Md.)) against Tenneco Chemicals, Inc., alleging that the one Tenneco patent involved in the Maryland action, i.e., U. S. Patent No. 3,476,845 (—845), which is also involved in the present action, was in conflict with its —573 patent; and in this action asked the Maryland District Court to hold that the —573 and —845 patents were in conflict, i.e., were directed to the same invention, and that the —845 patent was invalid.

No answer has been filed in any of the New York or Maryland actions. Discovery has been delayed pending resolution of procedural issues (App. 168a). However, substantial motion activity has gone forward.

On April 13, 1973, plaintiff moved in each of civil actions Nos. 73 Civ. 1214 (S.D. N.Y.) and 73 Civ. 1215 (S.D. N.Y.) for an injunction enjoining each of Tenneco Chemicals,

Inc. and Reeves Brothers, Inc., respectively, in civil actions Nos. 73-266-HM (D. Md.) and 73-279-HM (D. Md.) in the Maryland District Court from prosecuting said actions during the pendency of civil actions Nos. 73 Civ. 1214 (S.D. N.Y.) and 73 Civ. 1215 (S.D. N.Y.). Concurrently, plaintiff moved in civil actions Nos. 73-266-HM (D. Md.) and 73-279-HM (D. Md.) to dismiss or stay said Maryland actions pending a determination of civil actions Nos. 73 Civ. 1214 (S.D. N.Y.) and 73 Civ. 1215 (S.D. N.Y.).

On May 1, 1973, defendants moved in this action, pursuant to 28 U.S.C. § 1404(a), to transfer civil action No. 73 Civ. 1214 (S.D. N.Y.) to the District of Maryland; to dismiss as to Tenneco, Inc. under Rule 21 of the Federal Rules of Civil Procedure, and for a more definite statement with respect to the patent misuse and anti-trust allegations. On July 20, 1973, Reeves Brothers, Inc. in civil action No. 73 Civ. 1215 (S.D. N.Y.) moved, pursuant to 28 U.S.C. § 1404(a), to transfer civil action No. 73 Civ. 1215 (S.D. N.Y.) to the District of Maryland. Plaintiff opposed each of these motions. On August 31, 1973, Reeves Brothers, Inc. moved in the United States District Court for the District of Maryland for consolidation of civil actions Nos. 73-266-HM, 73-279-HM, and 73-708-HM. Tenneco Chemicals, Inc. concurred in this motion; plaintiff opposed.

While the parties to the New York actions had made early application to have civil actions Nos. 73 Civ. 1214 and 73 Civ. 1215 assigned to a single judge, such re-assignment was not effected for many months. Consequently, the Maryland Court acted first on the motions pending before it.

A hearing to consider the pending motions was held on March 8, 1974, by the Honorable Herbert F. Murray, United States District Judge for the District of Maryland, to whom each of civil actions Nos. 73-266-HM, 73-279-HM, and 73-708-HM was assigned. By memorandum and order filed July 31, 1974 (App. 132a), the Honorable Herbert F.

Murray granted a motion by plaintiff herein to stay civil actions Nos. 73-266-HM and 73-279-HM, stating, *inter alia,* that—

(1) "the balance of the conveniences . . . either favors a New York forum or is even" (App. 142a)

(2) "A stay . . . avoids needless interference with the forum first selected by Burnett [plaintiff-appellant herein] since it appears the balance of conveniences favors New York rather than Baltimore where the later suits were brought." (App. 141a)

(3) "the main offices of Tenneco are located in the New York metropolitan area and, like those of Reeves, lie within the subpoena range of the United States District Court for the Southern District of New York. Since documents and personnel necessary to demonstrate the purported invalidity of both patents as applied to Burnett's 'round form' process are possibly lodged at these corporate headquarters, availability of the subpoena power becomes an important considera-ation." (App. 141a)

Plaintiff promptly filed a copy of Judge Murray's memorandum and order in each of the New York actions (App. 129a).

The Trial Court, in this action and in civil action No. 73 Civ. 1215 (which were, finally, both assigned to a single Judge), on September 10, 1974 held a conference with respect to Tenneco's and Reeves' motions to transfer; and at this conference, after considering the prior opinion of Judge Murray, stated, *inter alia,*—

"I think I would have to find something pretty persuasive, very persuasive, to lead me to conclude that Judge Murray was wrong." (Transcript of hearing, page 23)

At this conference, no consideration was given to the Tenneco motion to dismiss as to Tenneco, Inc. In fact,

counsel for Tenneco, Inc. *offered* to accept service in Maryland (App. 161a).

The Honorable Charles E. Stewart in a memorandum opinion and order filed October 16, 1974 (App. 170a) dismissed plaintiff's action (civil action No. 73 Civ. 1214) as to Tenneco, Inc., and ordered the transfer of civil actions Nos. 73 Civ. 1214 and 73 Civ. 1215 to the United States District Court for the District of Maryland. In his memorandum, the Trial Court stated—

> "Defendants Tenneco and Tenneco Chemicals have moved to dismiss the complaint against Tenneco, pursuant to Rule 21 of the Federal Rules of Civil Procedure relating to the misjoinder of parties. Rule 21 provides:
>
> > Parties may be dropped . . . by order of the court on motion of any party . . . on such terms as are just.
>
> Since we find that the issues involved in the instant action can be completely and finally decided between Burnett and Tenneco Chemicals without the presence of Tenneco, we grant the motion.
>
> "Defendants state that subsidiary Tenneco Chemicals is a 'financially responsible, autonomously operated, legal entity separate from Tenneco, Inc.' (Memorandum in Support of Defendants' Motion to Dismiss, p. 6). In addition, Tenneco Chemicals asserts it is 'the sole owner of the patents and the sole party responsible for all matters relating to the management, licensing and enforcement of the patents in suit. . . .' (Defendants' Reply Memorandum, at p. 2). *Plaintiff does not contest this motion in substance.* Plaintiff merely states that the relationship between the two corporations is insufficiently clear to warrant dismissal. Since that objection, however, defendants have submitted affidavits demonstrating the independence of the subsidiary from the parent. We find, therefore, that Tenneco should be dismissed as a party defendant." (Emphasis added) (App. 172a and 173a)

The Trial Court, in his opinion did not refer to plaintiff's patent misuse or anti-trust allegations, or to plaintiff's assertions (App. 153a) that Tenneco, Inc. was a necessary party. Further, the Trial Court made no reference to Judge Murray's memorandum and order. It ignored the fact that Judge Murray already fully considered the balance of conveniences of the New York and Maryland forums and had found that—

> "the balance of conveniences favors New York rather than Baltimore where the later suits were brought." (App. 141a)

Instead, the Trial Court considered the balance of conveniences *de novo* and found that—

> "Since the various parties involved in this litigation have offices and facilities in many different states, both New York and Maryland seem equally convenient." (App. 176a)

Nevertheless, the Trial Court ordered both prior-filed New York actions transferred to the District of Maryland, stating, *inter alia*,—

> "In addition, our congested trial calendar, as compared with that of the Maryland District Court, could delay trial of this case for a year longer than if a transfer were granted. While this factor alone is certainly insufficient ground upon which to order a transfer, it has been held to be a proper consideration. See *U. S.* v. *E. I. DePont de Nemours & Co.*, 83 F.Supp. 233 (D. DC. 1949)." (App. 177a)

ARGUMENT

SUMMARY OF ARGUMENT

I. The Trial Court in dismissing as to Tenneco, Inc. failed to consider and/or give proper weight to plaintiff's patent misuse and anti-trust allegations.

Ia. The Trial Court was determined to transfer this action, and to transfer, dismissal as to Tenneco, Inc. was mandatory.

Ib. The Trial Court was misled by Tenneco's trial counsel's offer to accept service in Maryland.

II. Dismissal under Rule 21 of the Federal Rules of Civil Procedure of Tenneco, Inc., on motion of co-defendants, prior to answer or discovery is improper or premature.

III. Premature dismissal under Rule 21 of the Federal Rules of Civil Procedure on motion of co-defendants deprives or jeopardizes due process of law to plaintiff-appellant.

I. The Trial Court in Dismissing as to Tenneco, Inc. Failed To Consider and/or Give Proper Weight to Plaintiff's Patent Misuse and Anti-Trust Allegations.

Plaintiff's declaratory judgment action named both Tenneco Chemicals, Inc. and Tenneco, Inc. as defendants on the belief that both were necessary or permissive parties under Rules 19 and 20 of the Federal Rules of Civil Procedure to resolve the issues of the complaint which joined claims under Rule 18, i.e., validity and infringement of three patents, and misuse and anti-trust claims with respect to those patents. There is no evidence of record which disturbs this belief. Throughout the period 1967 up to the filing of this action on March 22, 1973, plaintiff was periodically and continuously harrassed by notices of infringement by Tenneco or its predecessor, General Foam Corporation. See Wight Affidavit, App. 75a. The later charges were made from offices at 280 Park Avenue, New York, New York 10017, a then and present home of Tenneco, Inc. The stationery employed in the notices of infringement included the Tenneco corporate logo, and prominently acknowledged Tenneco Chemicals, Inc. to be a major component of Tenneco, Inc. Tenneco Chemicals, Inc. files no independent

annual report, but is included in the Tenneco, Inc. annual report. The directors and officers of Tenneco. Inc. and Tenneco Chemicals, Inc. are interrelated. Plaintiff concluded, therefore, that its complaint, joining claims, should include both Tenneco, Inc. and Tenneco Chemicals, Inc.

Tenneco asserts in its Memorandum In Support Of Defendants' Motion For Dismissal, Transfer Or Stay Or For More Definite Statement that the misuse and anti-trust allegations are mere "boiler plate" (App. 37a). This appears to be fanciful thinking. Plaintiff-appellant has basis for believing that Tenneco, Inc. and Tenneco Chemicals, Inc. intentionally—

> (1) broadened out the scope of their patent protection at the time of issue of U.S. Patent No. 3,476,845, claiming subject matter which includes acknowledged prior art;
>
> (2) used their patents to selectively harrass plaintiff-appellant, a relatively small competitor, by periodically and continuously charging infringement without bring suit so as not to put weak patents on the line; and
>
> (3) avoided asserting their patents against a larger competitor, Reeves Brothers, Inc., known to also hold one closely related patent, now asserted by Reeves to be in conflict with the Tenneco —845 patent. (See Motion Under Rules 15(a), 21, and 22(1) For Leave To Amend Complaint And Interplead Additional Party filed November 5, 1973, Exhibit G thereof.)

These are activities which, if ~~proper~~ proven, are actionable violations. Discovery evidence can lead directly to Tenneco, Inc., as well as to Tenneco Chemicals, Inc. Note the interrelation between the two defendants, which includes common directors and officers; a sharing of common quarters, the same counsel, etc. Most certainly, in view of this

interrelationship, discovery should be obtainable against both Tenneco, Inc. and Tenneco Chemicals, Inc. to establish the true facts, which is only possible when both are parties to this action.

The Trial Court, as seen from its memorandum and order, failed to give consideration or proper weight to the patent misuse and anti-trust charges of plaintiff-appellant. The Trial Court only considered whether Tenneco, Inc. and Tenneco Chemicals, Inc were separate entities, and whether Tenneco Chemicals, Inc. controlled the patents in suit (App. 172a).

The Trial Court found that—

> "Plaintiff does not contest this motion in substance." (App. 172a)

But note plaintiff's contention in its memorandum entitled Response By Burnett To "Further Reply By Tenneco Chemicals Relating To Judge Murray's Order In The Maryland District Court Proceedings, filed September 10, 1974, the date of the hearing before the Trial Court. It is stated therein that—

> "Although Tenneco Chemicals, Inc. asserts that the parent company, Tenneco, Inc., is not a necessary party, the fact remains, as seen from the affidavit of Mr. George S. Flint made of record by Tenneco in its memorandum of May 1, 1973, the officers of Tenneco, Inc. and Tenneco Chemicals, Inc., as well as the Tenneco Corporation, are interrelated. There is no assurance at this time that the presence of Tenneco, Inc., is not required, at least with respect to Burnett's allegations of patent misuse and anti-trust violations and possibly fraud. The affidavit of Mr. Thomas E. Spath, counsel for Tenneco, submitted with the Tenneco memorandum dated May 1, 1973 establishes that Mr. Flint, *an officer of Tenneco Chemicals, Inc., as well as the Assistant Secretary of Tenneco, Inc.,* was the only officer of Tenneco Chemicals present at the March 7,

> 1973 meeting with Burnett. There is no assurance, therefore, that the harrassment of Burnett with charges of infringement over the several years, as seen from the Wight affidavit, and possibly knowingly attempting to broaden at least the —845 patent beyond the scope of the invention of its inventors, if this can be shown to be patent misuse or more through discovery, was not dictated by Tenneco, Inc." (Original emphasis) (App. 153a and 154a)

It can possibly be said that at the time of its Memorandum In Support Of Plaintiff's Oppositions To Defendants' Motion For Dismissal, Transfer Or Stay Or For More Definite Statement filed June 8, 1973, plaintiff did not address itself specifically to the need for Tenneco, Inc. with respect to the patent misuse and anti-trust claims. However, the separation of these claims and the significance of Tenneco, Inc. to the patent misuse and anti-trust claims are clear from defendants' Memorandum In Support Of Defendants' Motion For A Dismissal, Transfer Or Stay Or For More Definite Statement. Defendants state therein with respect to dismissal of the anti-trust claim, or for a more definite statement with respect thereto that—

> "If plaintiff opposes this motion, the Court is respectfully urged to require plaintiff to provide a more definite statement of the facts or occurrences which would support such allegations. *The submission of such a statement is of especial importance in connection with defendants' motion (1) to have this suit dismissed as to Tenneco, Inc. . . .*" (Emphasis added) (App. 36a)

Accordingly, Tenneco, Inc. apparently is a necessary party for the properly-joined claims under Rule 18 of the Federal Rules of Civil Procedure and is clearly a permissible party. No misjoinder has been shown under Rules 18, 19, or 20 of the Federal Rules of Civil Procedure.

Ia. The Trial Court Was Determined To Transfer This Action, and To Transfer, Dismissal as to Tenneco, Inc. Was Mandatory.

Plaintiff submits that due to an extremely heavy docket —500 civil cases—and the time-consuming nature of a patent case, the Trial Court was understandably determined to transfer this case to the District Court for the District of Maryland. Note the Trial Court's comment at oral hearing with respect to its docket (App. 165a), and the apparent influence that this had on the decision to transfer (App. 177a). Note as well the Trial Court's rather extraordinary action of re-evaluating the balance of conveniences factor *already fully considered* by a Maryland Court at equal level of the judicial system; and, even after finding that—

> "both New York and Maryland seem equally convenient" (App. 176a)

which is fully consistent with the findings of the Maryland Court, ordered transfer of this action on the basis of (1) contacts, and (2) the apparent workload of the respective Courts.

However, to effect transfer under 28 U.S.C. § 1404(a), in view of the acknowledged fact that Tenneco, Inc. could not be reached in Maryland and the law followed in this Circuit refusing transfer under such circumstances (App. 173a), dismissal of Tenneco, Inc. became mandatory.

It is submitted that the over-riding determination to transfer led the Trial Court to seize upon the affidavits of George S. Flint (App. 38a, 40a, and 127a) which allege only that Tenneco Chemicals, Inc. is a separate and independent entity from Tenneco, Inc., and to accept these affidavit statements as being controlling.

Thus, the Trial Court failed to consider or give proper weight to plaintiff's allegations of patent misuse and antitrust violations, properly joined under Rule 18 of the Fed-

eral Rules of Civil Procedure with the patent validity and non-infringement issue, which demand the presence of Tenneco, Inc. regardless of whether Tenneco Chemicals, Inc. and Tenneco, Inc. are separate entities.

Ib. The Trial Court Was Misled by Tenneco's Trial Counsel's Offer To Accept Service in Maryland.

On September 10, 1974 at oral argument, Dale Sayre, Esquire, counsel for both Tenneco Chemicals, Inc. and Tenneco, Inc., at the time the Trial Court was considering the Tenneco motion to transfer under 28 U.S.C. § 1404(a) stated—

> "We would accept the service in Baltimore for Tenneco, Inc." (App. 161a)

Although the Trial Court later concluded that—

> "the transferee district [must] be proper with respect to both venue and service of process." (App. 173a)

the Trial Court may have concluded that plaintiff could not be prejudiced because Tenneco, Inc. *would* accept service in Maryland in order to resolve all issues. However, prior to this brief, plaintiff offered to withdraw this appeal provided Tenneco, Inc. would agree to accept service in Maryland so that discovery could go forward on all issues, and all issues resolved. However, counsel for Tenneco, Inc. (the same counsel also serves Tenneco Chemicals, Inc.) declined to accept this offer.

Accordingly, since defendant-appellee will not accept service in Maryland, this Circuit is the only jurisdiction where properly-joined claims by plaintiff against both Tenneco, Inc. and Tenneco Chemicals, Inc. can be resolved. The refusal by Tenneco, Inc. to accept service in Maryland, once agreed to, emphasizes the need of this Court to reverse the Trial Court's order dismissing plaintiff's complaint as to Tenneco, Inc.

II. Dismissal Under Rule 21 of the Federal Rules of Civil Procedure of Tenneco, Inc. on Motion of Co-Defendants, Prior to Answer or Discovery Is Improper or Premature.

Rule 21 of the Federal Rules of Civil Procedure provides—

> "Misjoinder of parties is not ground for dismissal of an action. Parties may be dropped or added by order of the court on motion of any party or of its own initiative at any stage of the action and on such terms as are just. Any claim against a party may be severed and proceeded with separately."

Moore's Federal Practice, Vol. 3A, p. 21-3, after treating what constitutes misjoinder and non-joinder under Rules 18, 19, and 20 of the Federal Rules of Civil Procedure states—

> "Rule 21, now under discussion, governs in the situation when one or more of the above rules has been violated."

Accordingly, where none of the provisions of Rules 18, 19, or 20 have been violated, dismissal under Rule 21 is not possible. In the case at hand, at this point in time when discovery has been delayed by all parties pending a decision with respect to the procedural issues (App. 168a), no showing whatsoever has been made which even suggests that the joinder of Tenneco, Inc. violates any of Rules 18, 19, or 20.

Plaintiff's interpretation of Rule 21 has precedent in the law of this Circuit. In *Kerr* v. *Compagnie de Ultramar*, 250 F.2d 860, at 864, Judge Lumbard in considering the applicability of Rule 21 stated—

> "Rule 21, following the rules dealing with joinder of claims and parties, states:
>
> . . .
>
> "Technically there has been no misjoinder of parties here. From all that appears thus far the parties are correctly joined as joint tortfeasors or as liable in the

alternative; the dimensions of the action are no larger than the rules permit. Because, however, of the limitations on federal jurisdiction, such otherwise proper joinder destroys the jurisdiction of the court. Rule 21 was adopted to obviate the harsh common law adherence to the technical rules of joinder. Moore's Federal Practice § 21.03 (2 ed. 1948), and not in order to deal with problems of defective federal jurisdiction. Here the plaintiff is not seeking to drop a party in order to cure defects of misjoinder or non-joinder. The motion more properly is an amendment of the pleadings under Rule 15(a) which would result in a dismissal of the complaint against Transmar, or it may be based solely on the inherent powers of the court to perfect federal jurisdiction."

Note as well *United States* v. *E. I. DuPont de Nemours & Company,* 13 F.R.D. 490.

See also *Peter Pan Fabrics, Inc.* v. *Acadia Company,* 173 F.Supp. 292, where Judge Herland, District Court Judge for the Southern District of New York, held that parent company, Glass, and its wholly owned subsidiary, Peter Pan, were proper co-plaintiffs and that—

> "The joinder of Glass as a co-plaintiff may represent justifiable caution, inasmuch as the Federal Rules of Civil Procedure may require Glass's presence in this litigation if the ultimate proofs establish that Glass is 'the real party in interest' [Rule 17(a)], 28 U.S.C.A., or that Glass has 'a joint interest' sufficient to require a 'necessary joinder' [Rule 19(a)].
>
> "Moreover, the trial evidence may show that Glass's relation to the copyrights gives rise to an 'equitable interest' or an equitable ownership." (at page 297)

Judge Herland went on to state—

> "If it should appear upon the trial that Glass has no interest whatsoever in the proceedings, the defendants have a remedy (F.R.Civ. P., Rule 21). On the present record and for purposes of the motions at bar, the court concludes that Glass is a proper party plaintiff." (at page 298)

On the available record in this case, Tenneco, Inc. is clearly a proper co-defendant. After discovery and a narrowing of issues, it may be proper or necessary to dismiss as to Tenneco, Inc.; but not now.

III. Premature Dismissal Under Rule 21 of the Federal Rules of Civil Procedure on Motion of Co-Defendants Deprives or Jeopardizes Due Process of Law to Plaintiff-Appellant.

The Trial Court in finding—

> "that the issues involved in the instant action can be completely and finally decided between Burnett and Tenneco Chemicals without the presence of Tenneco" (App. 172a)

ignores Burnett's assertion in its complaint of patent misuse and activities in violation of the anti-trust statutes, and its assertion that such activities if proven may be the acts of Tenneco, Inc. and not Tenneco Chemicals, Inc. (App. 153a and 154a).

That such patent misuse and anti-trust violations are more than a fanciful hope on the part of plaintiff-appellant is apparent from the available record. Note the continuous assertion of infringement and harrassment by Tenneco, or its predecessor, of plaintiff with its patents from the period 1967 to the filing of plaintiff's declaratory judgment action (Wight Affidavit, App. 75a). Note the apparent broadening out of the patent protection in U. S. Patent No. 3,476,845 to claim subject matter acknowledged in the specification of that patent to be prior art. Note the failure of Tenneco to assert its patents against a larger competitor, Reeves Brothers, Inc., although the record of this case establishes that Tenneco and Reeves were practicing substantially the same process; one of the inventors of the Tenneco patent being a vice president of Reeves, and this Reeves vice president now asserting that the Reeves and Tenneco patents are in conflict and Reeves asserting that the Tenneco patent is invalid in view of the earlier perfection of the same invention by Reeves.

That Tenneco, Inc. may be a necessary party, or the true party in interest, at least sufficient to represent the "justifiable caution" as noted by Judge Herland in *Peter Pan Fabrics, Inc.* v. *Acadia Company,* supra, and is not a ploy on the part of plaintiff-appellant, has support in the record in that the notices of infringement came from the corporate offices of Tenneco, Inc. as well as Tenneco Chemicals, Inc., and is now only the office of Tenneco, Inc.; the fact that the officers and directors of Tenneco Chemicals, Inc. and Tenneco, Inc. are interrelated, and the fact that the assertion of the patents against plaintiff was through George S. Flint, apparently an officer and/or director of both Tenneco Chemicals, Inc. and Tenneco, Inc.

Since Tenneco, Inc. has refused to accept service in Maryland, the dismissal of the complaint as to Tenneco, Inc. at this point in time could deprive or jeopardize a property right of plaintiff-appellant without due process of law.

CONCLUSIONS

(1) The order of the Trial Court filed October 16, 1974 should be reversed insofar as it dismissed plaintiff-appellant's complaint against Tenneco, Inc. under Rule 21.

(2) This Court should afford plaintiff-appellant such other, further, and different relief as appears to be appropriate in view of the arguments made herein.

Respectfully submitted,

HARVEY E. BUMGARDNER, JR.
Attorney for Plaintiff-Appellant
1230 Avenue of the Americas
New York, New York 10020
Telephone (212) 489-4541

Of Counsel:

A. W. BREINER
727 - 23rd Street, South
Arlington, Virginia 22202
Telephone (703) 684-6885